SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

APRIL 9, 1982

Beverage Industry

PUBLISHED EVERY OTHER FRIDAY

C525J-2 4/2/10

MARK 2 INDEX

69-01111-
020015673
STATISTICAL REF INDEX
710 WISCONSIN AVE #900
WASHINGTON DC 20014

SD sales moderate, rise 2.7%

Top 10 brands shown in descending order.

NATIONAL REPORT — Soft drinks sold well last year, despite poor economic conditions. Total volume was up 2.7% in 1981. versus 1980, according to John Maxwell, BI's director of research/statistics.

There were some changes in the top 10 rankings. Sunkist became the tenth largest

(Continued on page 18)

Caffeine has record of safety: Roberts

By Patty Raber
Correspondent

WASHINGTON, DC — Caffeine has renewed man's energy and quenched his thirst since the Chinese first brewed tea in the 21st Century B.C. Yet, despite a popularity that has multiplied with the millenia, in recent years the flavorful stimulant has been dogged by scientific suspicion, threatened with government sanctions and, at times, pilloried in the consumer press.

The result: Confusion, if not wariness, among consumers and a shift to caffeine-free beverages by some manufacturers.

Does caffeine carry legitimate health hazards, or is the controversy merely a tempest in a teapot/coffee mug/soft drink container?

(Continued on page 4)

Alcohol label reg. challenged in suit

WASHINGTON, DC — A consumer group has filed suit against the Treasury Department for rescinding the alcohol ingredient labeling rule last November.

The Center for Science in the Public Interest charged that the Bureau of Alcohol, Tobacco, and Firearms had already decided to kill the rule one month before it sought public comments on the plan in May.

CSPI's allegations stemmed from letters sent by California Senators S. I Hayakawa and Alan Cranston to the department on behalf of the state's wine industry which opposed the regulation. "On April 1, ATF told Hayakawa that the regulation would be rescinded, and that was a month before the Federal Register notice appeared seeking comment on whether the rule should be revoked," said Bruce Sil-

(Continued on page 36)

BI Package of the Week

The Juicer 1.3, developed by GPI; p. 36.

FDA readies its ruling on sodium labels

WASHINGTON, DC — After a year of planning and much debate, the Food and Drug Administration was readying itself at presstime to publish a proposed regulation on voluntary sodium labeling for processed foods.

The proposal will outline the type of labeling format FDA would find acceptable when soft drink and other food manufacturers want to make sodium declarations on

(Continued on page 10)

BI Week

• The FTC is taking an interest in Pepsi's recent stance on its bottlers' involvment in the Seven-Up "no caffeine" commercials. Reportedly the agency is investigating the anti-competitive aspects of Pepsi's position that participation in the controversial campaign may result in cancellation of the franchise.

• Officials are keeping mum about the recent side-by-side .5 L PET and 16 oz. NR sales test run recently in a major Northeastern market, but several suppliers who have had conversations with executives at the firm say that the plastic package outsold the glass one "substantially." It also reportedly outsold the competing cola priced 20 cents (per six pack) below the PET-packaged brand.

• FDA expected to delay for at least two years the effective date of the "common

(Continued on page 39)

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

APRIL 9, 1982

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

PUBLISHED EVERY OTHER FRIDAY

Diet soft drink consumption*

1978 Mil. Cases	1978 Pct. Total	1978 Pct. Change	1979 Mil. Cases	1979 Pct. Total	1979 Pct. Change	1980 Mil. Cases	1980 Pct. Total	1980 Pct. Change	Company	1981 Mil. Cases	1981 Pct. Total	1981 Pct. Change
176.0	27.9	6.7	195.0	28.9	10.8	214.0	28.5	9.7	Coca-Cola*	240.0	28.8	12.1
127.0	20.2	16.5	142.0	21.1	11.8	178.0	23.7	7.2	Pepsi-Cola#	202.0	24.3	13.5
60.5	9.6	16.3	62.9	9.3	4.0	69.1	9.2	9.9	Dr Pepper	79.5	9.6	15.1
63.0	10.0	1.1	63.6	9.4	1.0	64.0	8.6	0.6	Seven-Up	70.0	8.4	9.4
40.2	6.4	(1.0)	38.0	5.7	(5.5)	40.5	5.4	6.6	Royal Crown Cola	37.0	4.5	—
7.0	1.1	(2.8)	6.5	1.0	(7.1)	6.7	0.9	3.1	Dad's	6.8	0.8	1.5
473.7	75.2	8.6	508.0	75.4	7.2	572.3	76.3	7.6	Subtotal	635.3	76.4	11.0
156.3	24.8	5.8	166.0	24.6	6.2	177.7	23.7	7.0	All Others	196.7	23.6	10.7
630.0	100.0	6.8	674.0	100.0	7.0	750.0	100.0	11.3	Total	832.0	100.0	10.9

*Includes Tab and Fresca
#Includes Diet Pepsi and Pepsi Light

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 6 oz. containers

Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

SD firms are active amid diet drink boom

By Steve Price
Assistant Editor

SPECIAL REPORT — The soft drink industry grew by a modest 2% last year, but diet drinks are continuing to enjoy booming success. Diet soft drinks represented more than 50% of total industry growth in 1981, comprising 82 of the 160 mil. additional cases of soft drinks sold.

Much of this growth is attributed to America's fitness-oriented lifestyle. Over the last five years the diet market has grown 42%. Diet drinks now account for 13% of total gallonage, 18% of take-home. And industry leaders say these figures could double. Mike Fogarty, president and COO of Squirt Co. said that "the diet market will soon become twice as big as it is now."

Along with the country's fitness frenzy, another factor supporting sugar-free growth is the aging of the baby boom generation. Industry executives see that age group, now 25-44 years old, as the major consumers of diet soft drinks.

Along with the increased number of adults, a more complete packaging mix (with 2-L PET and 16 oz. Plasti-Shield having joined the more prevalent can), has added variety to consumption.

Even more important than the package is the public's opinion of its contents, namely saccharin. Several recent studies show that many of those who stopped buying diet drinks because of saccharin have again become strong sugar-free consumers. Pepsi-Cola's Peter Thompson, group marketing director, supports that viewpoint, saying "the concern about saccharin has subsided, and people have reacted to it as just a scare."

Although the saccharin scare seems to be over, the industry enthusiasm for aspartame is on the rise. Seen as the replacement for saccharin, aspartame has yet to be approved for use in carbonated beverages in the United States. However, as a spokesman for RC Cola observed, "everyone in the industry is working on it, has their own formulas, and will all come out with it in some way."

In searching for an example of the protein sweetner's effect on the market, its proponents point to Canada. There, aspartame has all but revolutionized the diet market, and its pluses seem to far outweight its problems. Coca-Cola Ltd. of Toronto reported a 130% gain in the fourth quarter of 1981 for its diet brands than for that period in 80.

According to an October/November '81 Canadian nat'l survey of food-store sales, the market share for Coke's diet brands (Tab and Fresca) more than tripled over the same period of a year before. Though this seems spectacular, the point must be made that these figures are built

(Continued on page 21)

Magnum Malt Liquor, from Miller Brewing Co., has a new ad campaign emphasizing the product's taste. Tag line: "How can anything taste so good and be so bad."

Sodium

(Continued from page 1)

their products.

FDA is expected to define four terms that would be used on labels when sodium contents are listed. The amount of sodium in the food would dictate the type of term — reduce, low, moderately low, or no sodium added, for instance — that would appear.

Rather than mandating that processed foods include sodium labeling, FDA's voluntary plan would have manufacturers follow FDA's labeling format if they opt to make sodium declarations on their products. However, diet foods would be required to include sodium contents as part of their nutritional labeling.

The Office of Management and Budget must still review the sodium labeling proposal before it can be published in the Federal Register for comment.

Caffeine

(Continued from page 1)

To find the answers, BI went to Dr. Howard Roberts. He was acting director of the Food and Drug Adminstration's (FDA) Bureau of Foods when the government began scrutinizing caffeine, and is now vice president, science and technology with the National Soft Drink Association (NSDA). Having sat on both sides of the fence during the ongoing caffeine controversy, Dr. Roberts offers insight into the interpretation of research findings by the media and the general public.

Although caffeine is a known stimulant, attention to other potential characteristics began after FDA banned cyclamate in 1970. Back then, President Richard Nixon ordered a review of all Generally Recognized As Safe (GRAS) substances, and FDA contracted with the Federation of American Societies for Experimental Biology (FASEB) to examine each of 400 substances.

FASEB's caffeine study in 1978 addressed the ingredient's use as a food additive in cola beverages, rather than as a naturally-occurring ingredient in coffee and tea. Specifically, the review sifted through the last 20 years of research on caffeine, focusing on consumption levels, chromosomal damage, birth defects, cancer, long-term feeding, dose effects on humans and behavioral effects on children.

In terms of birth defects, the study noted that none are seen in animals until 75 mg per kg of body weight is consumed. "When translated into soft drink terms," Dr. Roberts said, "that would correspond to the human instantaneous dose of 40 quarts of caffeine-containing soft drinks."

FASEB noted that "while no evidence in the available information on caffeine demonstrates a hazard to the public when it is used in cola-type beverages at levels that are now current and in the manner now practiced, uncertainties exist requiring that additional studies be conducted."

The report recommended that caffeine be removed from the GRAS list since "at current levels of consumption of cola-

(Continued on page 46)

Contents

Soft drinks post 2.7% gain in 1981

Soft drink sales posted a 2.7% gain last year over 1980, according to just-released figures from John Maxwell. The top 10 rankings changed somewhat, with Sunkist and Mountain Dew making moves. The big sales gainers were the diet drinks, a trend that's expected to continue. For all the latest, and most authorative, statistics and their trends for the soft drink industry, see **page 1.**

Diet soft drinks are hottest segment

Diet soft drinks continue to enjoy booming success. The diet segment accounted for over 50% of total soft drink sales growth last year. What is behind this trend? And what are soft drink companies doing to promote the diet drinks? The answers in this special report, **page 4.**

Is caffeine concern overblown?

Caffeine has been around for quite a while. Recently, the substance has been the subject of scientific suspicion, consumer wariness and government debate. Beverage makers are switching to non-caffeine formulas. Does caffeine carry legitimate health hazards? Is this potential overblown? In an exclusive interview with Dr. Howard Roberts, vp science and technology at NSDA, **BI** takes a thought-provoking look at the controversy. This special report is highlighted by specific examples of scientific studies on caffeine. See **page 1.**

Discount strategy: method for profit

How deep to discount? Leslie Behrend and William Ofcky of Profit Management Development, Inc. explain PMD's method of analyzing a bottlers discounts to permit him to answer questions of profitability on a continuing basis. Following a specific case study example, this article shows how a bottler can best compete and remain profitable. See **page 40.**

No caffeine RC unveiled at mtg.

Royal Crown meeting in New Orleans added another first to the company's list of innovations in the soft drink business: decaffeinated RC. The new product and its companion cola, RC 100, have put the spark back into the RC bottler group. For a report on the New Orleans meeting, see **page 1.**

Departments

Ad Index 56
Classified Ads 54
Editorial 58
New Lit. 52
New Products 48
News Makers 42
Reader Service 11
Recycling 29
Supply House 51
Viewpoints 24

© 1982 Magazines for Industry, Inc. All rights reserved.

Beverage Industry is published 24 times a year, every other Friday except June 4 and August 6, 1982 as a service to the distribution, technical and marketing functions of the soft drink, beer, bottled water, wine, juice, spirits and non-carbonated beverage industries. ISSN 0148-6187. Controlled circulation paid at Shepherdsville, KY, 40165. USPS No. 946 760. Postmaster: send form 3579 to **Beverage Industry**, Circulation Dept. 747 Third Ave., New York, NY 10017.

Circle no. 110 on reader's service card →

Syrup-Pak™
It's money in the bag.
Quite simply, Syrup-Pak bag-n-box is the post-mix system of the future. Available now.
Why? Because it offers from 25% up to 45% in cost savings for post-mix syrup. You eliminate 5-gallon stainless steel tanks, tank floats, cleaning and other operating costs. It also permits tremendous routing efficiencies. You never pick up an empty. No-sale stops are eliminated.
And you increase load-out payload.
Conversion is simple. B-Bar-B offers a complete system which includes everything necessary to convert from a transfer tank system to a profit-increasing Syrup-Pak system.
Call Wayne Poe now at (812) 944-8481. And remember the name. B-Bar-B. We'll put our 20 years of experience in bag-n-box packaging to work today to improve your post-mix profits.
Cola
Orange
B-BAR-B, INC. BAG-N-BOX PACKAGING SYSTEMS
P. O. Box 909, New Albany, Indiana 47150 Phone: (812) 944-8481 Telex: 204-238

Consumption of soft drinks by company

1976 Mil. Cases	1976 Pct. Market	1977 Mil. Cases	1977 Pct. Market	1978 Mil. Cases	1978 Pct. Market	1979 Mil. Cases	1979 Pct. Market	1980 Mil. Cases	1980 Pct. Market		1981 Mil. Cases	1981 Pct. Market	1980-81 Change
										Coca-Cola Company			
1,190.0	24.3%	1,280.0	24.8%	1,335.0	24.3%	1,365.0	23.9%	1,425.0	24.3%	Coca-Cola	1,463.0	24.2%	2.7%
130.0	2.7	150.0	2.8	160.0	2.9	165.0	2.9	171.0	2.9	Sprite	178.0	2.9	4.1
125.0	2.6	137.0	2.6	149.0	2.7	170.0	3.0	188.0	3.2	Tab	216.0	3.6	14.9
112.0	2.3	119.0	2.3	112.0	2.0	107.0	1.9	98.0	1.7	Fanta	88.0	1.5	(10.2)
37.0	0.7	45.0	0.9	46.0	0.8	43.0	0.8	39.0	0.7	Mr. Pibb	34.0	0.6	(12.8)
31.0	0.6	28.0	0.5	27.0	0.5	25.0	0.4	26.0	0.4	Fresca	24.0	0.4	(7.7)
—	—	—	—	—	—	36.0	0.7	50.0	0.8	Mello Yello	53.0	0.9	6.0
10.0	0.2	15.0	0.3	19.0	0.4	23.0	0.4	25.0	0.4	Others	26.0	0.4	4.0
1,635.0	33.4	1,784.0	32.9	1,848.0	33.6	1,938.0	34.0	2,022.0	34.4	**Total**	2,082.0	34.5	3.0
										PepsiCo, Inc.			
830.0	17.0	903.0	17.2	969.0	17.6	1,022.0	17.9	1,056.0	17.9	Pepsi-Cola	1,104.0	18.3	4.5
73.0	1.5	100.0	1.9	130.0	2.4	156.0	2.8	169.0	2.9	Mountain Dew	179.0	3.0	5.9
90.0	1.9	109.0	2.1	127.0	2.3	142.0	2.5	154.0	2.6	Diet Pepsi	173.0	2.9	12.3
25.0	0.5	27.0	0.5	22.0	0.4	24.0	0.4	24.0	0.4	Pepsi Light	29.0	0.5	20.8
12.1	0.2	12.6	0.2	14.0	0.3	15.0	0.3	15.0	0.3	Teem	14.0	0.2	(6.7)
15.3	0.3	20.3	0.4	19.0	0.3	18.0	0.3	17.0	0.3	Others	16.0	0.2	(5.9)
1,045.4	21.4	1,171.9	22.3	1,281.0	23.3	1,377.0	24.2	1,435.0	24.4	**Total**	1,515.0	25.1	5.6
										Dr Pepper Co.			
243.0	5.0	278.0	5.3	299.5	5.4	311.5	5.5	323.0	5.5	Dr Pepper	326.0	5.4	0.9
39.0	0.8	52.0	1.0	60.5	1.1	62.9	1.1	69.1	1.2	Sugar Free Dr Pepper	79.5	1.3	15.1
282.0	5.8	330.0	6.3	360.0	6.5	374.4	6.6	392.1	6.7	**Total**	405.5	6.7	3.4
										Canada Dry Corp.			
52.4	1.1%	52.7	1.0	55.0	1.0	56.7	0.9	60.2	1.0	Ginger ale	63.2	1.1	5.0
25.2	0.5	25.2	0.5	25.0	0.5	26.5	0.5	26.8	0.4	Tonic, Bitter Lemon	28.0	0.5	4.5
19.0	0.4	19.0	0.4	18.0	0.3	20.7	0.4	27.0	0.5	Club Soda	33.0	0.5	22.2
—	—	15.0	0.3	15.0	0.3	16.5	0.3	15.3	0.3	Barrelhead	14.3	0.2	(6.5)
5.5	0.1	5.6	0.1	5.5	0.1	5.0	0.1	4.0	0.1	Wink	4.2	0.1	5.0
46.0	0.9	42.5	0.8	40.0	0.7	38.0	0.7	31.0	0.5	Others	25.0	0.4	(19.4)
147.1	3.0	159.9	3.1	158.5	2.9	162.4	2.9	164.3	2.8	**Total**	167.7	2.8	2.1
67.0	1.4	65.0	1.2	60.0	1.1	57.0	1.0	54.5	0.9	**Cott Corp.**	44.0	0.7	(19.3)
9.0	0.2	18.0	0.3	31.0	0.6	31.0	0.5	30.0	0.5	**Welch's**	31.6	0.5	5.3
23.8	0.5	22.4	0.4	22.4	0.4	22.4	0.4	21.0	0.4	**No-Cal**	20.0	0.3	(4.8)
526.9	10.9	595.3	11.3	631.9	11.5	647.2	11.4	661.9	11.3	**Grand Total[1]**	668.8	11.0	1.0
[1]Total for Dr Pepper and Dr Pepper-owned companies.													
										Seven-Up Company			
305.8	6.3	315.0	6.0	322.0	5.9	320.0	5.6	317.0	5.4	7-Up	301.0	5.0	(5.0)
60.0	1.2	62.3	1.2	63.0	1.1	63.6	1.1	64.0	1.1	Diet 7-Up	70.0	1.2	9.4
10.0	0.2	10.5	0.2	10.2	0.2	10.0	0.2	9.0	0.2	Dixie Cola	8.0	0.1	(11.1)
1.3	—	1.2	—	1.0	—	1.0	—	1.0	—	Howdy Flavors	1.0	—	—
377.1	7.7	389.0	7.4	396.2	7.2	394.6	6.9	391.0	6.7	**Total**	380.0	6.3	(2.8)
										Royal Crown Companies			
162.2	3.3%	166.0	3.2%	164.0	3.0%	159.0	2.8%	163.0	2.8%	Royal Crown	154.0	2.5%	(1.1%)
—	—	—	—	—	—	—	—	3.5	0.1	RC 100	15.0	0.2	330
40.6	0.8	40.6	0.8	40.2	0.7	38.0	0.7	37.0	0.6	Diet Rite Cola	37.0	0.6	—
55.6	1.2	53.0	1.0	53.5	1.0	53.0	0.9	50.0	0.8	Nehi and Others	43.0	0.7	(14.0)
258.4	5.3	259.6	5.0	257.7	4.7	250.0	4.4	253.5	4.3	**Total[1]**	249.0	4.1	(1.8)
										Crush International			
136.4	2.8	50.7	2.9	169.6	3.1	180.0	3.4	186.3	3.2	Hires, Crush, etc.	193.6	3.2	3.9
19.5	0.4	23.0	0.4	24.0	0.4	25.0	0.5	25.9	0.4	Sun Drop	26.4	0.4	1.9
155.9	3.2	173.7	3.3	193.6	3.5	205.0	3.6	212.2	3.6	**Total**	220.0	3.6	3.7
										Boxie Incorporated Monarch Company			
21.8	0.4	21.9	0.4	23.2	0.4	19.0	0.3	18.0	0.3	Nesbitts	17.0	0.3	(5.6)
NA	—	NA	—	NA	—	15.0	0.3	16.0	0.3	Frostie Root Beer•	17.0	0.3	6.3
12.8	0.3	13.8	0.3	15.1	0.3	14.3	0.2	14.4	0.2	NuGrape	14.4	0.2	—
7.2	0.2	8.3	0.2	8.3	0.2	8.9	0.2	8.5	0.2	Sun Crest	8.4	0.1	(1.2)
1.8	—	2.0	—	2.2	—	2.2	—	2.2	—	Moxie	2.2	—	—
NA	—	0.6	—	1.0	—	0.7	—	NA	—	Kickapoo	NA	—	—
4.0	0.1	4.2	0.1	4.3	0.1	3.9	0.1	3.5	0.1	Mason's Root Beer	3.0	0.1	(14.3)
2.0	—	2.2	—	2.5	—	2.1	—	1.9	—	Flavette	0.7	—	(63.2)
0.7	—	0.8	—	2.4	—	2.0	—	1.8	—	Dr. Wells	1.3	—	(27.8)
22.6	0.5	24.6	0.5	26.9	0.5	31.9	0.6	33.0	0.6	Other	34.0	0.6	3.0
72.9	1.5	78.4	1.5	86.9	1.5	100.0	1.7	99.3	1.7	**Total**	98.0	1.6	(1.3)
• Acquired December 31, 1979.													

(Continued on page 20)

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

SD sales

Continued from page 1

selling drink. Mountain Dew passed Sprite to move into sixth position. Sunkist managed 82 million cases sold in '81, capturing 1.4% of the total market. Sugar Free Dr Pepper trailed Sunkist by 2.5 million cases. In '81 over '80, Sunkist boosted its sales by 17.1%, the largest year to year increase of the top 10.

Mountain Dew, with 179 million cases sold in '81, was only a million cases above Sprite. Mountain Dew sales rose 5.9% from '80 to '81; Sprite was up 4.1%.

Coca-Cola, the individual brand leader, took 24.2% of the total market. Coke's sales of about 1.5 billion cases were 2.7% above its performance in 1980. Number two Pepsi-Cola registered 1.1 billion cases sold in '81, 18.3% of the market and 4.5% better than '80.

Dr Pepper came in third with 326 million cases sold in '80, 5.4% of the market and 0.9% above its sales in 1980. Seven-Up, while declining in case sales by 5%, still managed to stay in the number four spot. Seven-Up sold 301 million cases last year, 5% of the market.

PepsiCo wound up with the best volume gain for the year, about 80 million cases or 5.6%. Coca-Cola was up some 60 million cases and was the second best in absolute numbers, gaining three percentage points. Dr Pepper was third with an increase of about 13 million cases or 3.4%.

6 million cases

Total soft drink volume in '81 hit just over 6 billion cases. The top 10 brands accounted for 69.3% of that, or 4.2 billion cases. All of the accompanying figures reflect 8 oz. 24 per case equivalent sizes.

Based on the industry's 2.7% unit volume growth last year, Maxwell contends that the general economy is not as important to the soft drink industry as it once was. Per capita consumption took a good jump last year to 39.5 gallons. It should be noted that the Census Bureau has revised total resident population numbers; accordingly, Maxwell has adjusted per capita numbers for prior years.

Maxwell expects soft drink volume this year should be at least as good as 1981. He

looks for a growth rate of between 2.5% and 3.5% on a longer-term basis. Coca-Cola USA officials have said they expect industry volume to grow at 3.8% annually through the '80s.

With the substantial base that the soft drink industry enjoys, Maxwell says, absolute volume gains continue to be extraordinary despite lower year-to-year percentage gains. For example, total volume was up 3.8%, '80 over '79; 5.6%, '79 over '78 and 6.6%, '78 over '77. This trend holds true at least since 1970.

In 1981, the big winners were the colas, dietary products and private labels. The principle losers were in the lemon-lime area.

Sales of all colas, including diets, rose 3.0% in '81 compared with '80, to 3.8 billion cases. This was 62.6% of the total market. The lemon-limes were off 1.6%, or 5 million cases, to 700 million. Sprite was the only large-selling lemon-lime that managed an increase: up 4.1%.

In the private labels, Kroger's Big K sold 11 million cases last year, 11.4% better than '80; Safeway's Cragmont brand, which sold 13.5 million cases, was up 5.5%; Winn-Dixie's Chek sold 11 million cases, up 4.8%; and A&P Yukon sold 3.1 million cases up 6.9%.

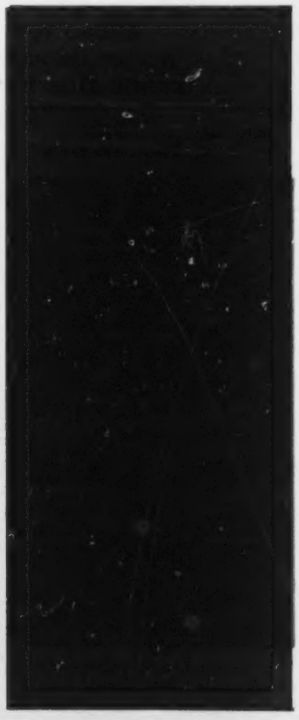
The really big gainers, however, were the diets. Industry experts believe that the trend toward higher sales of diet soft drinks will continue as that huge group of consumers aged 25-40 maintains its weight-conscious attitude.

Diet drinks accounted for almost 14% of all soft drinks consumed last year; 832 million cases were sold in 1981, 10.9% more than the year before. According to Maxwell's figures, since 1975, diet sales have increased an average of 12.6% year-to-year.

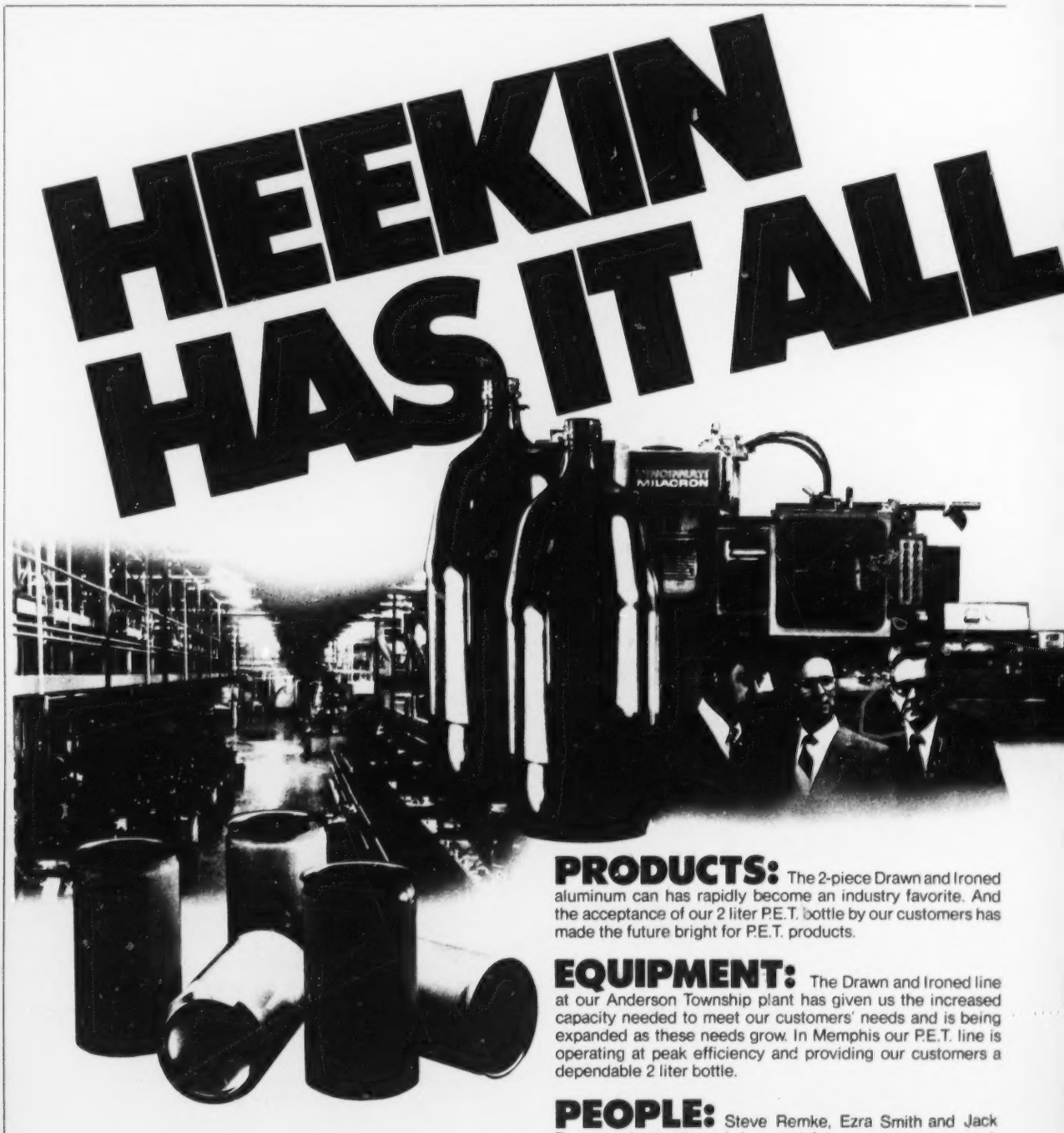
Coca-Cola products, including Tab and Fresca, sold 240 million cases in '81, 28.8% of the total market and 12.1% above '80. Pepsi-Cola brands, including Diet Pepsi and Pepsi Light, sold 202 million cases last year, 24.3% of the market and 13.5% better than '80. Sugar Free Dr Pepper sales rose 15.1% '81 over '80.

Maxwell says that as the population ages and becomes more concerned about waistlines, he expects the dietary area may well become the prime growth field for the foreseeable future. *(See **BI** special report on diet soft*

(Continued)



HEEKIN HAS IT ALL



PRODUCTS: The 2-piece Drawn and Ironed aluminum can has rapidly become an industry favorite. And the acceptance of our 2 liter P.E.T. bottle by our customers has made the future bright for P.E.T. products.

EQUIPMENT: The Drawn and Ironed line at our Anderson Township plant has given us the increased capacity needed to meet our customers' needs and is being expanded as these needs grow. In Memphis our P.E.T. line is operating at peak efficiency and providing our customers a dependable 2 liter bottle.

PEOPLE: Steve Remke, Ezra Smith and Jack Byrne are kept extremely busy satisfying our customers needs and requirements. The confidence shown in them by these same customers is the direct result of their effort, attention to details and knowledge of the beverage packaging industry.

Diamond International Packaging

Heekin Can
a division of
Diamond International Corporation

PLANTS IN OHIO, TENNESSEE, ARKANSAS AND WISCONSIN

SALES OFFICES: CINCINNATI, OHIO • Phone: Area 513/891-9942, SPRINGDALE, ARKANSAS • Phone: Area 501/751-4666
MEMPHIS, TENNESSEE • Phone: Area 901/794-0990

Circle no. 111 on reader's service card

Consumption of soft drinks by company

1976 Mil. Cases	1976 Pct. Market	1977 Mil. Cases	1977 Pct. Market	1978 Mil. Cases	1978 Pct. Market	1979 Mil. Cases	1979 Pct. Market	1980 Mil. Cases	1980 Pct. Market		1981 Mil. Cases	1981 Pct. Market	1980-81 Change
(Continued from page 18)													
										Consolidated Chocolate Co.			
—	—	2.1	—	2.4	—	2.6	0.1	2.7	0.1	Chocolate Soldier	2.8	0.1	3.7
—	—	1.0	—	1.3	—	1.4	—	1.4	—	Brownie	1.4	—	—
—	—	1.3	—	1.8	—	1.9	—	2.0	—	Choc-ola	2.0	—	—
—	—	4.0	0.1	4.5	0.1	4.7	0.1	4.9	0.1	Other	5.0	0.1	2.0
6.7	0.1	8.4	0.1	10.0	0.2	10.6	0.2	11.0	0.2	**Total**	11.2	0.2	1.8
79.6	1.6	6.8	1.6	96.9	1.7	110.6	1.9	110.3	1.9	**Grand Total[2]**	109.2	1.8	(1.0)
95.0	1.9	103.1	2.0	106.5	1.9	100.0	1.7	105.0	1.8	**Shasta Beverages[#]**	109.0	1.8	3.8
NA	—	NA	—	NA	—	NA	—	70.0	1.2	**Sunkist**	82.0	1.4	17.1
										Cadbury Schweppes			
28.4	0.6	35.5	0.7	43.0	0.8	55.8	1.0	64.8	1.1	**USA, Inc.**	72.0	1.2	11.1
29.5	0.6	40.0	0.8	46.2	0.8	54.0	0.9	58.0	1.0	**A & W Beverages[‡]**	61.0	1.0	5.2
										Dad's Root Beer Company			
32.0	0.6	33.0	0.6	34.0	0.6	33.5	0.6	34.1	0.6	Dad's Root Beer	34.0	0.6	(0.3)
15.0	0.3	15.0	0.3	17.0	0.3	16.0	0.3	15.6	0.3	Bubble Up	18.5	0.3	18.6
7.2	0.2	7.2	0.1	7.0	0.1	6.5	0.1	6.7	0.1	Diet Dad's	6.8	0.1	1.5
54.2	1.1	55.2	1.0	58.0	1.0	55.5	1.0	56.4	1.0	**Total**	59.3	1.0	5.1
36.4	0.7	37.0	0.7%	40.0	0.7%	47.6	0.8%	53.8	0.9%	**Squirt Company**	64.0	1.1	19.0%
31.3	0.6	33.5	0.6	35.8	0.7	39.1	0.7	39.9	0.7	**Double Cola Co.**	39.0	0.6	(2.3)
27.9	0.6	28.4	0.5	29.0	0.6	29.0	0.5	29.5	0.5	**Frank's Beverages**	29.5	0.5	—
22.3	0.4	22.3	0.5	26.1	0.5	23.9	0.4	22.1	0.4	**Faygo**	25.2	0.4	14.0
NA	—	NA	—	7.9	0.1	11.6	0.2	13.9	0.2	**Barq's**	16.9	0.3	21.6
7.9	0.2	8.3	0.2	9.3	0.2	9.9	0.2	10.2	0.2	**Big K (Kroger)**	11.0	0.2	11.4
12.8	0.3	12.5	0.2	12.5	0.2	12.5	0.2	12.8	0.2	**Cragmont (Safeway)**	13.5	0.2	5.5
12.8	0.2	13.3	0.2	12.0	0.2	11.0	0.2	10.5	0.2	**Chek (Winn-Dixie)**	11.0	0.2	4.8
7.2	0.1	8.2	0.2	8.5	0.2	8.0	0.1	8.0	0.1	**Cotton Club**	7.2	0.1	(6.3)
NA	—	NA	—	NA	—	2.6	0.1	2.9	—	**Yukon (A&P)**	3.1	0.1	6.9
4,433.2	90.8	4,864.6	92.7	5,138.1	93.4	5,380.9	94.4	5,651.0	96.2	**Total**	5,827.7	96.5	3.1
456.8	9.2	394.4	7.4	361.9	6.6	319.1	5.6	224.0	3.8	Others	207.3	3.5	(7.5)
4,890.0	100.0%	5,259.0	100.0%	5,500.0	100.0%	5,700.0	100.0%	5,875.0	100.0%	**Grand Total**	6,035.0	100.0%	2.7%

#Division of Consolidated Foods Corp. ‡Subsidiary of United Brands Company. [2]Total for Moxie-owned companies.

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

Estimated market share by type*

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980		1981
63.0%	63.0%	63.0%	62.5%	61.7%	62.1%	62.2%	62.4%	62.3%	62.3%	62.4%	Cola	62.6%
12.0	12.0	12.0	12.5	12.8	12.9	12.7	12.4	12.3	12.1	11.8	Lemon-Lime	11.6
3.9	3.9	4.6	5.0	5.2	5.3	6.7	7.3	7.7	7.9	8.0	Pepper Type	8.0
8.3	8.4	8.4	8.2	8.0	7.9	7.8	7.4	7.4	7.3	7.4	Orange	7.4
4.5	5.0	5.0	5.0	5.2	5.2	5.2	5.3	5.4	5.5	5.5	Root Beer	5.5
8.4	7.7	7.0	6.8	7.1	6.6	5.4	5.2	4.9	4.9	4.9	All Others	4.9
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	**Total**	100.0%

*Includes diet drinks.

Cola consumption*

1978 Mil. Cases	1978 Pct. Total	1978 Pct. Change	1979 Mil. Cases	1979 Pct. Total	1979 Pct. Change	1980 Mil. Cases	1980 Pct. Total	1980 Pct. Change		1981 Mil. Cases	1981 Pct. Total	1981 Pct. Change
1,484.0	43.3	4.0	1,535.0	43.2	3.4	1,613.0	44.0	5.1	**Coca-Cola**	1,679.0	44.4	4.1
1,118.0	32.6	7.6	1,188.0	33.5	6.3	1,234.0	33.6	3.9	**PepsiCo**	1,306.0	34.6	5.8
204.2	6.0	(2.1)	197.0	5.5	(3.5)	203.5	5.5	3.3	**Royal Crown**	206.0	5.4	1.2
2,806.2	81.9	4.9	2,920.0	82.2	4.1	3,050.5	83.1	4.5	**Subtotal**	3,191.0	84.4	4.6
620.8	18.1	2.5	631.0	17.8	1.6	619.5	16.9	(1.8)	**All Others**	589.0	15.6	(4.9)
3,427.0	100.0	.5	3,551.0	100.0	3.6	3,670.0	100.0	3.4	**Total**	3,780.0	100.0	3.0

*Includes diet colas.

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

SD sales

(Continued from page 19)

drinks in this issue, page 4.)

Another growth area appears to be noncaffeinated soft drinks. The principal new soft drink product that could foreshadow a new area of interest is caffeine-free RC 100, says Maxwell. This brand sold somewhere between 10 and 15 million cases in 1981; Royal Crown Cola won't be specific. **BI** used the higher estimate in the accompanying tables. In 1980, RC 100 sales were an estimated 3.5 million cases; that means the brand enjoyed a year-to-year sales increase of over 300%.

ad campaign

Early last month, The Seven-Up Co. came out with a new advertising campaign emphasizing 7UP's no-caffeine formula. As reported in the previous issue, industry reaction, particularly Pepsi's and Sunkist's, was immediate and strongly negative.

For it's part, Sunkist was on the verge of a national roll-out of its noncaffeinated formula for regular Sunkist when 7UP released its new campaign.

Royal Crown, which has always been an innovator, according to Maxwell, may have hit upon a new consumer need. Seven-Up is soon expected to introduce a new product called Like to compete with RC 100; as of this writing, 7UP would not confirm or deny rumors about Like. Obviously, Maxwell says, if the noncaffeinated area becomes much larger, he would expect to see other companies, major and minor, move in with competitive products. *(See a special report on caffeine in this issue, page 1.)*

consolidation

Maxwell notes the acceleration of consolidation within the soft drink industry. For example, Dr Pepper now consists of five formerly independent companies. Not only should this trend continue on the manufacturing company level, but Maxwell says it will likely accelerate among bottlers, who now number about 1000 separate entities. Over the next few years, Maxwell thinks this number will continue to drop substan-

tially.

Among second-tier companies, Maxwell notes two leaders: Sunkist volume up 17% in 1981 and Cadbury-Schweppes up 11%. Increased volume for private labels last year indicates to Maxwell that there is some trading down among the populace.

Barq's Root Beer was up almost 22% in '81 and was the best performer in the smaller volume group, followed closely by Squirt, which was up 19%.

Given Maxwell's outlook for the soft drink industry, 1982's per capita consumption could reach 40.5 gallons. That would bring it to the highest level ever achieved by any type of beverage in the U.S., passing the 40-plus figure achieved by coffee in 1962.

Therefore, Maxwell expects the industry will continue as the most dynamic one within the beverage field, due mainly to the high level of sophisticated marketing and management that exists nearly across-the-board. This is unique compared to other beverage industries, he says.

Top ten drinks

1978 Market	1978 Pct. Change	1978 Mil. Cases	1979 Market	1979 Pct. Change	1979 Mil. Cases	1980 Market	1980 Pct. Change		1981 Mil. Cases	1981 Market	1981 Pct. Change
24.3	3.5	1,365.0	23.9	2.2	1,425.0	24.3	4.4	Coca-Cola	1,463.0	24.2	2.7
17.6	7.3	1,022.0	17.9	5.5	1,066.0	18.0	3.3	Pepsi-Cola	1,104.0	18.3	4.5
5.4	7.7	311.5	5.5	4.0	323.0	5.5	3.7	Dr Pepper	326.0	5.4	0.9
5.9	2.4	320.0	5.9	(0.6)	317.0	5.4	(3.9)	Seven-Up	301.0	5.0	(5.0)
2.7	8.8	170.0	3.0	14.1	188.0	3.2	10.4	Tab	215.0	3.6	14.9
2.4	30.0	156.0	2.7	20.0	169.0	2.9	8.3	Mountain Dew	179.0	2.9	5.9
2.9	5.3	165.0	2.9	4.4	171.0	2.9	3.6	Sprite	173.0	2.9	4.1
2.3	16.5	142.0	2.5	11.8	154.0	2.6	8.5	Diet Pepsi	173.0	2.9	12.3
3.0	(2.4)	159.0	2.8	(3.0)	153.0	2.6	3.7	Royal Crown Cola	154.0	2.7	(1.1)
—	—	NA	—	—	70.0	1.2	—	Sunkist	82.0	1.4	17.1
68.5	5.9	3,810.5	68.8	4.3	4,036.0	68.9	6.0	Total	4,176.0	69.3	3.4

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers
Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

Lemon-lime consumption*

1978 Mil. Cases	1978 Total	1978 Pct. Change	1979 Mil. Cases	1979 Total	1979 Pct. Change	1980 Mil. Cases	1980 Total	1980 Pct. Change		1981 Mil. Cases	1981 Total	1981 Pct. Change
385.0	56.9	2.0	383.6	55.6	(0.4)	381.0	54.0	(0.7)	Seven-Up	371.0	52.0	(2.6)
158.0	23.3	5.3	165.0	23.9	4.4	171.3	24.3	3.8	Coca-Cola	178.0	25.4	4.1
14.0	2.0	11.1	15.0	2.2	7.1	15.1	2.1	—	PepsiCo	14.0	2.0	(6.7)
557.0	82.2	3.2	563.6	81.7	1.2	567.0	80.4	0.6	Subtotal	563.0	80.4	(0.7)
120.0	17.8	9.0	124.4	18.3	5.3	138.0	19.6	8.2	All Others	137.0	19.6	(5.1)
677.0	100.0	5.2	688.0	100.0	1.9	705.8	100.0	2.2	Total	700.0	100.0	(1.8)

*Does not include Hill Billy Orbax or Fresca
Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers
Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

Diet sales

(Continued from page 4)

on a very small base. Canada banned saccharin in 1977, after which the diet soft drink segment in food stores dropped from 11.4% to 5.8%.

"It is still too early to tell" is the attitude many take regarding aspartame mainly because of limited supply, high cost, and some problems with shelf life. However, Squirt Co.'s Mike Fogarty seemed to touch on most of the feelings surrounding aspartame when he commented, "We'll be ready for it when it's ready. I don't think aspartame itself will make a major change in the diet market; it's what we do with it."

Though the industry looks forward to the approval of aspartame, it clearly is not standing still in the mean time. The major companies all express confidence in their diet product growth as they launch their 1982 ad campaigns.

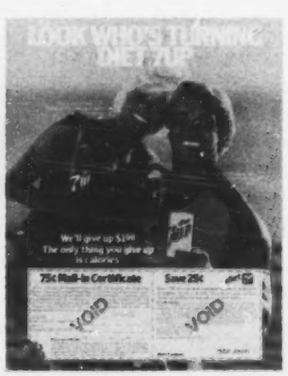
Pepsi-Cola, in '82, ties together both Diet Pepsi and Pepsi Light brands in side-by-side promotions to broaden their appeal. The two diet drinks will be promoted through all three major drive periods with couponing, trial events, dealer loaders for displays, and a route sales contest.

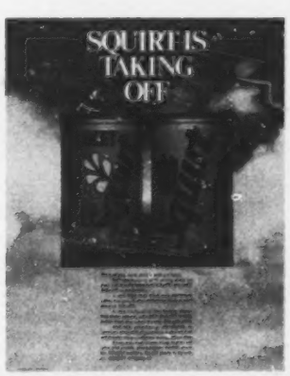
Dr Pepper is just as optimistic about Sugar Free Dr Pepper. As its objectives for the coming year, it plans to increase trial and retrial among occasional users, and to increase consumption among hard core users. It has developed a new ad pitch that will be pushed on all three media. Women's service magazines will be the main focus of two new print ads and will tie in strongly with the TV theme.

Coca-Cola also has new print ads this year for Tab, which will be seen mainly in women's service magazines.

An area of advertising that has become popular with franchisers is dual promotions. Seven-Up is presently

(Continued on page 27)





The leading diet drinks are stepping up their barrage of advertising as the sugar-free segment continues to boom. "Body by Tab is the theme to go with Tab's new print ads; RC is pushing its "taste test" in Diet-Rite ads; Diet Pepsi continues with it's "Now you see it, now you don't" while showing off some new curves; Diet 7Up has Loni Anderson and Arnold Schwarzenegger "Turning 7Up"; Dr. Pepper's sugar free ads exclaim "Oh, what a surprise! The taste is gonna open your eyes"; and Squirt boasts that its 'better tasting drink' and new graphics are "Taking Off".

Diet sales

(Continued from page 21)

running an event with CBS Records scheduled to run through April 15. Another program, called "Springtime Rebate," joins Seven-Up with Clairol personal care appliances.

"Test these tastes," the promotion for Sugar Free Dr Pepper, is slated to run March/April. The promo links Sugar Free Dr Pepper with Velamints.

Pepsi-Cola recently launched a Diet Pepsi/Pepsi Light promo with No Nonsense pantyhose. On the subject of duals, Group Marketing Director Peter Thompson remarked that, "The No Nonsense/diet brand promotion was an outstanding concept," because it builds trial and volume, and ties both brands to another product that also appeals to the appearance-conscious consumer.

Executives in the industry feel that duals may figure largely in their future advertising. Bill Schermerhorn, VP of marketing for Dr Pepper feels that "these promo's will continue to grow. New ones are coming and will be a prevalent market strategy not only in diet, but in all types."

Regardless of their advertising strategies the major companies expressed confidence in their ability to grow with the expanding diet market. Said one spokesman for RC Cola, "RC is closer to the leaders in diet drinks than in regular. Since we have two entries, we feel we have an extra advantage in this market."

Equally optimistic about its upward mobility was Dr Pepper, recalling that Sugar Free Dr Pepper was the tenth most consumed soft drink in 1980 with virtually no local ad support, poor foundation, and poor vending representation.

Exuding self assuredness were the industry's two giants. Coca-Cola's spokesperson asserted, "We have the leading diet drink in the world, so of course we're pleased."

But Pepsi-Cola's President, John Sculley, was perhaps the boldest speaker on the subject. When speaking in New York recently he stated, Pepsi and Coke are both strong in the sugar-free area because of inherent strengths, and it is not impossible that the industry could wind up two-tier.

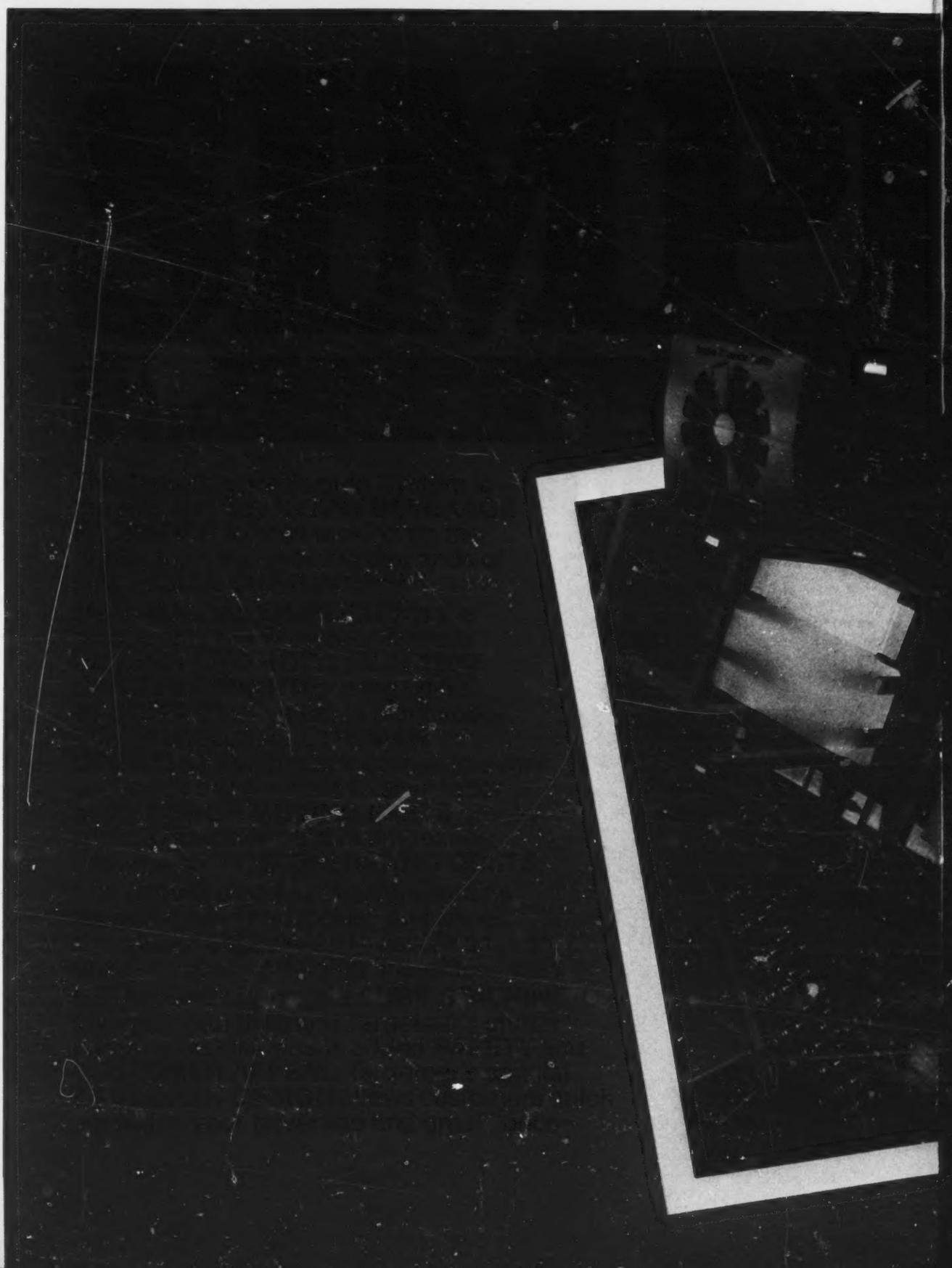
Apex builds beer distrib. center

LAKELAND, FL — Apex Distributing Co., a distributor of Miller High Life, Lite, Lowenbrau, and Heineken beer announced it will construct a controlled temperature warehouse and distribution center here.

The new facility will have a storage capacity of 240,000 cases and 2,500 kegs, and is part of Apex's effort to better serve its customers in the central Florida area.

The warehouse's year-round temperature will be kept between 40° and 65° Fahrenheit, or 3° above dew point. "This is the ideal temperature range for preserving the quality of our products and is in keeping with Miller Brewing Co.'s historic commitment to product quality uncompromising and unchanging," states Terry Lindsey, operations manager.

The $1.4 million complex will include a temperature controlled warehouse.



New product targets regular cola, decaffeinated coffee drinkers

By Fred Adamany, president
Royal Crown Cola Co.

Editor's note: *The adjoining article is an edited version of a presentation by Adamany at this year's Royal Crown bottlers meeting. For more information,* *(See story, page 10.)*

Our decaffeinated story started when Don McMahon (RC CEO) shared his thoughts with me four years ago about a product he called RC Plus ... a product to which we could add vitamin C and remove the caffeine, at that point, Martha Jones, VP—product development, took the seed and planted it in her lab. Several months later we had a product with good taste but which needed more development.

In the development stages, we determined that the FDA would not allow us to add vitamins to carbonated drinks nor would they allow us to call it a cola without the caffeine, but our efforts continued.

At the same time, sugar prices began to climb again. Our marketing research at the time indicated that our first target for a caffeine-free product should be the health conscious consumer, the dieter. Our attorneys discovered that a sugar-free product could technically be called a cola, and thus was born RC 100 Cola ... this new RC innovation.

The sugar market thermometer continued to rise, and we began to rethink the product. Martha Jones assured me that she could and, in fact, had a product that was 100% caffeine-free. I knew the bottlers needed a product that should be timely and cost efficient to product ... and, thus, RC 100 ... and the results are history.

For the past two years we continued our cola research based on actual marketing experience as well as tracking the consumers' attitude and awareness. The results have continued to encourage us. First, we tracked consumer attitudes on the coffee industry ... the only source of decaffeinated consumption data.

Coffee data gives us a very logical picture of the potential DC RC market. Coffee is third only to water and soft drinks in terms of national per capita consumption.

While total cofee per capita has been stagnant since 1960, decaffeinated coffees have grown 425% and now represent 21% of the dollar share of the total coffee business, decaf coffees grew 28% just from 1979 to 1980.

In addition, the decaffeinated coffee market has seen three recent new brands entries: High Point from Procter and Gamble; Brim from General Foods, originators of Sanka; and Manor House Lite.

In 1980, decaffeinated coffee acounted for about 20% of coffee unit volume in food stores ... up to 25% of instant coffees.

There are two types of users ...exclusive users of decaffeinated and people who also drink regular coffee. The vast majority of volume comes from dual users.

Decaffeinated users come to drink decaf brands after being established regular coffee drinkers. Their motivation is always either for a health reason or voluntary conversion because of concern that too much caffeine makes them nervous or not sufficiently relaxed to sleep.

The most exciting figure of all ... of the total population of the United States, 38.2% drink decaffeinated coffee.

1980 Simmons data indicates the close relationship of coffee consumption and cola consumption.

- 11% of the total adult population of the United States drinks decaffeinated coffee and diet cola. Of the 11%, 62.3% are female. That 11% of the population is the target consumer for RC 100 ... more than 23 million strong.
- 24% of the U.S. population drink both decaffeinated coffee and regular cola ... more than twice as many as those who drink decaf coffee and diet colas ... and most are male — 52.1% — and are the heavier consumers.

In other words, 24% of the U.S. population — more than fifty-two million people — are predisposed toward the use of a regular cola that is caffeine-free and tastes good.

Our experience with RC 100 and independent research supports our belief that there is a huge untapped market of regular cola drinkers who are concerned over caffeine.

Let me emphasize again that 24% of the total United States population drinks both decaffeinated coffee and regular cola. This compares with 11% who drink both decaffeinated coffee and diet cola ... more than twice as many.

survey results

Among the users of decaffeinated coffee and regular colas questioned, over one-third said they would definitely buy and one-third said they would probably buy a decaffeinated cola.

Stanford University recently completed a survey of attitudes, life styles, and purchase behavior. The study provides data taken from a national sample of adults 18 and over.

We have been able to correlate the data from people who drink regular soft drinks and who reported that they are concerned about caffeine in their diets.

The results suggest that the primary target for Decaffeinated RC is young — 18 to 29.

- 18% of young adults (18-29) are reported to be concerned about caffeine and drinking regular soft drinks
- consumption of soft drinks is higher for the 18-29 group that it is for the 30-plus group

Some life style characteristics for this group are:

- above average frequency of between-meal snacking and desserts
- below average in use of coffee
- enjoy sugar in their diet ... as a source of energy
- future oriented ... their greatest achievements are still ahead of them.
- particularly active in sports and social life demographically. These target prospect are:
- more educated — at least some college — 127 index
- more male ... 111 index

You can see that this indicates a target group quite distinct from the RC 100 — Diet Rite user.

What is our attitude about caffeine?

We are in the product end of the business. Segmenting a market is wisest when it reflects actual consumer needs or tastes rather than stimulating them.

The health community should decide the future of caffeine. We have a health conscious consumer, and we provide the alternatives. Let him close his preference ... In fact, RC, will always contain caffeine and so will Diet Rite. After all, when we introduced Diet Rite, we did not attack sugar but certainly satisfied the need of a growing segment of consumers.

How do we position decaffeinated RC?

It is another cola entry from Royal Crown with all the quality attributes of the rest of our line of fine products. It does not replace RC ...in fact, it should compliment the image ... with its taste and looks ...by attracting new consumers to say RC and invite them to make a choice .. RC regular, RC 100, or Decaffeinated RC ... the cola alternatives.

"24% of the U.S. population drink both decaffeinated coffee and regular cola . . . more than twice as many as those who drink decaf coffee and diet colas . . . and most are male . . . and are the heaviest consumers." — Adamany